*62. [The questioner (SHRI RAMSINH RATHWA was absent. For answer, vide col. 31-33 infra)]

Attracting more NRI remittances into the country

*63. SHRI JOHN F. FERNANDES:-j-SHRI MURLIDHAR CHAN-DRAKANf BHANDARE:

Will the Minister of FINANCE be pleased to state-

(a) what is the amount of NRI savings deposited in our banks after the new Industrial Policy and liberalisation of rules for N.R.I's; and

(b) whether Government intends to' liberalise these rules further so as to attract more hard currency remittance into our banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (RAMESHWAR THAKUR): (a) The new policies of the government were announced in July. According to the information received from the RBI the balance in the Non-Resident (External) Account has increased from Rs. 7490 crores as on the last Friday of July, 1991 to Rs. 7.595 crores as on the last Friday of October 1991, and the aggregate deposits under the Foreign Currency Non-Resident Account .have gone down from Rs. 15,013 crores to Rs. 14,144 crores during the same period.

(b) Review of policies to attract hard currency remittances is a continuous process and necessary steps are taken in this direction as and when required.

SHRI JOHN. F. FERNANDES: Mr. Chairman, Sir, from the statement of the hon. Minister it seems that the new policy came into force but the Government could not make any bank attract foreign investment to this country. The Minister has said that in the Non-Resident (External) Account there is an increase of Rs. 150 cores whereas in the Foreign Currency Non-Resident Account there is decrease of Rs. 869 crores. Sir, during the days of crisis the witli-Vav.al of foreign remittances by NMs was Rs. 150 crores per week. May I know from the hon. Minister if any symposium or propaganda has been carried out by his Ministry abroad to persuade NRIs to make more arid more remittances into our country?

SHRI RAMESHWAR THAKUR: Sir, the hon. Member will appreciate that the industrial policy decision was taken sometime in the month of July and thereafter a new policy- in regard to foreign investment, particularly for the NRIs, was announced and it has been in operation only for a short period. Under the new policy we have given a number of incentives now to NRIs arid - now they are investing under that. I would like to mention particularly that the NRIs are given automatic approval for investment up to 100 per cent equity in the high-priority industries, 64 industries. We have also given 100 per cent equity with full repatriation benefits in certain industries. Then, we have also permitted 100 per cent equity in hotels, tourismrelated industries, hospitals, advanced diagnostic centres, shinning, export-oriented fishing industries and oil explorations. Similarly, we have given all other facilities. We have now raised the NRI portfolio investment from 5 5 per cent to 24 per cent and certain other concessions have also been given. Ceiling of the NRIs has been raised arid also the scheme of India Develooment Bonds has been launched. Foreisn remittances schemes have, been raised. These are now is. onerstion and we have been receiving encouraging response to them and it takes some time to set the full publicity of that. All efforts are feeing made, particularly through the State

†The: question was actually asked on the floor of the House by Shri John F. Fernandes.

Bank of India and the Reserve Bank of India and other channels—through our embassies—to involve the NRIs in other countries and to make them I know the details of the schemes and participate in them. The response is positive.

SHRI JOHN F. FERNANDES: Mr. Chairman, Sir, when we talk of comparison, particularly the NRIs, the main theory is that they have no confidence in the banking system of Indian banks in India and abroad because their way of functioning is totally absolete and computerisation is not permitted. They mainly depend on the postal system of transaction and in the bargain the remittances are either lost or the customer is made to run from pillar to post to recover his dues either from the insurance corporation or from the bank. As a result, they have to opt to go to foreign banks and most of their deposits are kept in the foreign banks. May I know from the hon Minister whether our banks will be made up-to date by introducing the system of computerisation in transactions from foreign banks to Indian banks?

THE MINKSTER OF FINANCE (SHRI MANMOHAN SINGH): I think, the hon. Member is quite right. When I was in Singapore along with the hon. Minister for Commerce several non-resident Indians made this crmplaint. We have to make our banking system as efficienc as the banking systems elsewhere. Another complaint that our Non Resident in-dians raised is this. They said, "In India we cannot be assured to industrial peace. In most countries like Singapore, Indonesia, Malaysia, you have a climate of industrial peace." And they said, "Unless and until you create a climate in your country of industrial peace, you cannot restore full confidence in Indian economy." It takes years to build the confidence. It takes day to destroy the confidence, Therefore. I think all of us have a solenm obligation that if we want more foreign investment to come into our country, if we want more Non-Resident Indians to send their money to this country, then we must collectively work to create that confidence in our economy. I think we have succeeded in restoring a measure of confidence, but this is not a one-day measure. We must strengthen the confidence in our economv.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, the Government has taken indeed very many innovative and effective steps to attract foreign capital. They have rationalised the procedures, simplified the procedures, but the measure of success of any innovative and effective steps has to be judged by the results and I must confess that the figures which have been disclosed clearly show that the results do not measure up to the expectations. Now I fully appreciate that it is a matter of crisis of confidence, but the hon. Finance Minister will realise that he has to frame a Budget every year and in that context it is very, very important that this policy and various measures, the Industrial Policy, the Commerce Policy, the Finance Police, all these policies show a positive result in a short time. May I know from the hon. Minister what the respnose was in the various per-egrinations which the Commerce Minister and the Foreign Minister had in their sojourn abroad? Is there anything likely to be done in the matter of restoring that confidence?

SHRI VIREN J. SHAH- What is the meaning of "sojourn"?

SHRI MURLIDHAR CHANDRAKANT BHANDARE: "Sojourn" means visit. It may convey different meanings... (Interruptions)"...

SHRI DIPEN GHOSH: Sojourn is not the appropriate word to fee used here.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I fully appreciate the feelings of the hon. Member, Mr. Shah. For him and Mr. Kamal Morarka, sojourn means a different thing ... (*Interruptions)*

SHRI MANMOHAN SINGH: Sir, I have already stated that our Government is committed to doing whatever is necessary to encourage the inflow of money from Non-Resident Indians and during the course of our meeting in Singapore, as I have already mentioned, there were complaints about the functioning of our banking system, there were complaints about our bureaucracy and there were also complaints about the law and order situation. Now all these things cumulatively affect the state of confidence. I can assure you that to the extent it lies in our power we will deal with all these problems with the firmness and determination that they deserve.

श्री सूरे जीत सिंह अहलूवालिया : सभापति महोदय, एन. आर.आई. डिपाजिट्स के बारे में जो पालिसी सरकार ने ली है, हमने तो अच्छे रास्ते निकाले कि ज्यादा से ज्यादा एन. आर.आई. रेमिटेंस आ सके, पर उसके साथ-साथ हमारे जो डोमेस्टिक बैंक्स हैं उनमें जो लोगों के डिपाजिट्स थे, टैक्स डिडक्शन एट सोर्स करके जो नियम लागू किया गया उसके कारण अरबों रुपया इन हजारों बैंक्स से निकाल लिया गया । इसके साथ साथ महोदय, करीब 10 बैंक्स आलरेडी रेड फिगर पर चल रहे हैं और जब यह टी. डी. एस. इम्प्लीमेंट किया गया तब से करीब अरबों रुपये निकाले जा चुके हैं। यह सारे के सारे बैंक सिक हो जायेंगे।

यह अभी बता रहे थे कि कंप्यूटाइजेशन के कारण असुविधा आ रही है । क्या मंत्री महोदय ऐसी कोई व्यवस्था करेंगे, जिस तरह से हांगकांग बैंक हमारी कंट्री में भी है, या बैंक आफ अमरीका हमारी कंट्री में है, उनका कंप्यूटर डिफरेंट कंट्रीज में लगा हुआ है, उसके साथ कोई मदर कंप्यूटर पर यहां से कनेक्शन लगा कर अगर कोई आदमी स्टेट बैंक आफ इंडिया या पंजाब नेशनल बैंक या इंडियन बैंक में भी अपना रेमिटेंस भेजना चाहता है, तो वह बैंक आफ अमरीका में अगर कंप्यूटर में फीड कर दे, तो वह यहां पर अकाउंट फार हो सकता है—ऐसी कोई व्यवस्था करने जा रहे हैं ?

महोदय, एक और सबसे बड़ा सवाल है । मेरे हाथ में रविवार का.... (व्यवधान) मेरे हाथ में रविवार का हिंदुस्तान टाइम्स है, जिसमें बिजनेस कालम में ओपनली लिखा हुआ है—

NRI gifts available or required please contact so-and-so telephone number or so-and-so person.

आज की डेट में जबकि डालर का रेट 25 रु. 60 पै. आफिशल रेट है, बाजार में ओपनली एन. आर. आई. के रेमिटेंस गिफ्ट के रूप में, बैंक ड्राफ्ट के रूप में 35–36 रुपये के माध्यम से मिलते हैं ।

इसके बारे में सरकार क्या कर रही है ? सरकार क्या सोच रही है ? एक तरफ तो हिंदुस्तान के बैंकों का एफ–डी. आर. सारे लोगों ने निकाल लिये और दूसरी तरफ सिर्फ फारेन रेमिटेंस लाने के लिए अगर ऐसा रास्ता अपनाया है, तो यहां तो डालर ओपनली अवेलेबल है। क्यों नहीं लोगों को परमिट कर देते कि आप डालर ही खरीद करके डाल दीजिए इस पर क्या अंकुश सरकार लगाने जा रही है ? यह क्या टोटल कनवेशन नहीं है ब्लैक मनी से वाइट मनी पर, जब हिंदुस्तान में इंडियन करेंसी पर आप टैक्स डिडक्शन करते हैं, पर फारेन एन. आर. आई. रेमिटेंस पर आप टैक्स डिडक्शन नहीं कर रहे हैं ?

श्री सुरेन्द्र सिंह हंसपाल : जब यह हवाला रैकेट में पकड़े जायेंगे या तो सबके नाम आ जायेंगे ।

श्री विठ्ठलभाई मोतीराम पटेल : नहीं पकड़े गये है ।

श्री हरवेन्द्र सिंह हंसपाल :जो लोग यह कर रहे हैं, वह सब पकड़े जायेंगे । . . . . (व्यवधान)

SHRI MANMOHAN SINGH: Sir, as regards the first point, I think there is no evidence to conclude that money is flowing out of the Indian banks because of tax deduction at source. There are some problems which have arisen and I am aware of them. But I would like to say categorically that there is no evidence to show that money is flowing out of the Indian banking system... *(Interruptions)*

SHRI SOM PAL: There is conclusive evidence... *(Interruptions).*

SHRI MANMOHAN SINGH: The aggregate amount of bank deposits is going up month after month... *(Interruptions)*

SHRI S. S. AHLUWALIA: You have only seen the balance-sheet. People are purchasing gold. They are purchasing land. They are not investing in banks... *(Interruptions')*

SHRI SOM PAL: You are very much misinformed, Mr. Minister ... *(Interruptions)* ...

SHRI MANMOHAN SINGH: Regarding the second point, there does exist some difference between the official exchange rates and the black market' exchange rttes. Now, we have to evolve an overall macro-economic strategy in which our balance of payments is strengthened. We have set in. motion that process. We had inherited an economy with almost no reserve. Now, we have brought about some improvement. A lot more remains to be done and I am confident that the measures that we have adopted over a period of time would provide an effective economic answes to the differences between the official exchang rate and the black market rate.

SHRI S. S. AHLUWALIA: What sbout computerisation?

SHRI MANMOHAN SINGH: As far as computers are concerned, i am not an expert. But whatever is necessary to make the Indian banking system as efficient as the banking system elsewhere, I think you can rest assured that we will pursue that.

MR. CHAIRMAN: Mr. Sivaji.

DR. YELAMANCHILI SIVAJI: Industrial peace is a pre-requisite to boost NRI investment. What steps is the Government proposing to take to restore industrial peace? I would also like to know from the Minister whether the exit policy is part of the scheme to restore industrial peace and whether the Government is borrowing any money from the World Bank to implement the exit policy. I would also like to to know about the amount that has been negotiated. Also, what • is the quantum that the Government proposes to allot or sanction to t*hose* who are retrenched or to those who have lost jobs due to the retrenchment in the sick units? I would like to have the answers to these questions from the honourable Minister.

. SHRI MANMOHAN SINGH: Sir, I think the .words "Exit policy" are used and, if I may say so, respectfully, are being misused to convey the impression that somehow our Government is pursuing those economic policies which are against, the interests of labour or the organized working class. The Prime Minister has stated, and I have also stated, on several occasions, that our Government is fully committed to'protecting the interests of the working classes. But I. also respectfully • submit that you cannot protect the interests of the working classes by perpetually

keeping alive units which have become patently unviable.

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: Yes.

SHRI MANMOHAN SINGH: If the units become unviable, how can you keep them going? You have to tax the people of India in which case the consumers will have to suffer the consequences or you have to increase the budget deficits in which case there will be reckless inflation So, it is an illusion to Relieve that by keeping alive patently unviable units somehow you are helping the interests of the working class. In effect, by letting the budget take this burden, We are not able to put more money into employment promotion we are not able to put more money into education and we are not able to put more money into anti-poverty programmes. Therefore, it would be wrong to say that the type of exit policies that we have in mind are anti-labour. In fact, if this policy succeeds—these are policies of national lenewal, these are policies for the restructuring of our industrial economy and for making it more viable—you will see a type of industrial employment growth which has not taken plane so far. So, these are not anti-labour policies and that is what I would like to submit.

MR. CHAIRMAN: Question No. 54 Mr. Haripiasad.

Setting: up a High Court Bench at Hubli Dhanbad

*64. SHRI B. K. HARIPRASAD: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that there is a heavy backlog of court cases in Karnataka and a large number of these are from Northern part of Karnataka; and

(b) whether Government would consider setting up of a High Court Bench at Hubli Dharward, a twin city to help all concerned and to meet long pending need of the area?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AF-' FAIRS (SHRI RANGARAJAN KUMARAMANGALAM); (a) The number of cases pending in the Karnataka High Court as on 31-7-1991 was 99458. The pendency of cases relating to Northern Karnataka is being ascertained from the High Court and will be laid on the table of the House.

(b) Yes, Sir, if a definite proposal in consultation with the Chief Justice of the Karnataka High Court, is received from the Government of Karnataka.

SHRI B. K. HARIPRASAD: Sir, the reply given by the honourable Minister clearly indicates that a large number of cases are pending in the Karnataka High Court. I would like to know from the Minister whether he has received any proposal from the State Government regarding setting up of a High Court Bench at Hubli or Dharwar.

SHRI K. VIJAYA BHASKARA REDDY: Sir, there is a thinking to start one. But certain fomalities have to be followed. For a long time the Government has been trying to convincing the High Court of having a Bench at Dharwar, but it is not convinced. Recently also I have written a letter to the Government of Karnataka to consult the Chief Justice of Karnataka and to come forward with a proposal. If the proposal comes from the Chief Justice, we will consider it.

SHRI B. K. HARIPRASAD- Sir, I would like to know from the Minister whether there is any Commission constituted by the Central Government to study and report on the question of establishment of High